

TOWN OF HEMPSTEAD

SINGLE AUDIT REPORTS

Year Ended December 31, 2013

TOWN OF HEMPSTEAD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2013

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Pass-through program from:			
Nassau County, New York			
Community Development Block Grant	14.218	CQHI10000076	\$ 4,249,059
ARRA - Community Development Block Grant	14.253	CQHI10000076	17,500
Total Community Development Block Grant Cluster			4,266,559
Direct program from:			
Section 8 Housing Assistance Payment Program			
Section 8 Housing Choice Vouchers	14.871	n/a	4,572,258
Subtotal U. S. Department of Housing and Urban Development			8,838,817
U.S. Department of Labor			
WIA Cluster:			
Pass-through programs from:			
New York State Department of Labor:			
Workforce Investment Act Cluster:			
Workforce Investment Act Adult	17.258	LWIA 80064	1,081,237
Workforce Investment Act Youth	17.259	LWIA 80064	1,569,376
Workforce Investment Act Dislocated Worker	17.278	LWIA 80064	1,440,484
Total WIA Cluster			4,091,097
Trade Adjustment Assistance Program	17.245	LWIA 80064	54,114
Workforce Investment Act National Emergency Grants	17.277	LWIA 80064	715,943
Subtotal Department of Labor pass-through programs			4,861,154
U.S. Department of Energy			
Direct program from:			
ARRA - Energy Efficiency & Conservation Block Grant	81.128	n/a	433,107
U.S. Department of Health and Human Services			
Pass-through program from:			
New York State:			
ARRA - Temporary Assistance for Needy Families	93.558	14.253	347,700
U.S. Department of Homeland Security			
Pass-through program from:			
New York State - Division of Homeland Security and Emergency Services			
Severe Storm Sandy October 2012 - 4085 DR NY	97.036	4085 DR NY	2,372,502
Total expenditures of federal awards			<u>\$ 16,853,280</u>

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF HEMPSTEAD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2013

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town of Hempstead under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Town of Hempstead, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Hempstead.

Note B – Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) Federal grants received by the Town are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, the grant grantor agencies could make claims for reimbursement, which would become a liability of the Town.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Supervisor and Town Board
Town of Hempstead
Hempstead, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hempstead, New York, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town of Hempstead, New York's basic financial statements, and have issued our report thereon dated June 25, 2014. Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component units: Lakeview Public Library District, Uniondale Public Library District, Cathedral Gardens Water District, Franklin Square Water District, West Hempstead Gardens Water District and Greater Atlantic Beach Water Reclamation District, as described in our report on the Town of Hempstead, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the above mentioned component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Hempstead, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hempstead, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hempstead, New York's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Hempstead, New York's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

PERSONAL SERVICE. TRUSTED ADVICE.

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Internal Control Over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hempstead, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hempstead, New York's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hempstead, New York's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain other matters that we reported to management of the Town of Hempstead, New York.



Hauppauge, New York
June 25, 2014



CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

Honorable Supervisor and Town Board
Town of Hempstead
Hempstead, New York

Report on Compliance for Each Major Federal Program

We have audited the Town of Hempstead, New York's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Hempstead, New York's major federal programs for the year ended December 31, 2013. The Town of Hempstead, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirement of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Hempstead, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Hempstead, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Hempstead, New York's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Hempstead, New York, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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Report on internal Control Over Compliance

Management of Town of Hempstead, New York, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Hempstead, New York's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hempstead, New York's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Hempstead, New York, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town of Hempstead, New York's basic financial statements. We issued our report thereon dated June 25, 2014, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Other auditors audited the financial statements of the following discretely presented component units: Lakeview Public Library District, Uniondale Public Library District, Cathedral Gardens Water District, Franklin Square Water District, West Hempstead Gardens Water District and Greater Atlantic Beach Water Reclamation District, as described in our report on the Town of Hempstead, New York's financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Alfred J. Viggiano, Jr. & Co., P.C.

Hauppauge, New York
June 25, 2014

TOWN OF HEMPSTEAD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2013

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Town of Hempstead.
2. No significant deficiencies relating to the audit of the financial statements are reported in the "REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS".
3. No instances of noncompliance material to the financial statements of the Town of Hempstead, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No control deficiencies relating to the audit of the major federal award programs are reported in the "REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133".
5. The auditors' report on compliance for the major federal award programs for the Town of Hempstead expresses an unmodified opinion on all major federal programs.
6. There are no audit findings which are required to be reported in accordance with Section 510(a) of OMB circular A-133.
7. The programs tested as a major program include:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258	Workforce Investment Act Adult
17.259	Workforce Investment Act Youth
17.277	Workforce Investment Act National Emergency Grants
17.278	Workforce Investment Act Dislocated Worker
81.128	ARRA – Energy Efficiency and Conservation Block Grant

8. The threshold used for distinguishing between Type A and B programs was \$505,598
9. The Town of Hempstead was determined to be a low-risk auditee.